

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 /018 W

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R 041531Z MAY 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 3123

LIMITED OFFICIAL USE CAIRO 6053

E.O. 11652: N/A

TAGS: EINV, EG

SUBJECT: GOODYEAR INVESTMENT PROPOSAL

REF A, STATE 94684, B, CAIRO 5499 C, STATE 103705

1. JACK PURCELL OF GOODYEAR MET WITH AMB ON MAY 3. CONTRARY SUGGESTION REFTTEL C THAT HIS MAIN PURPOSE WAS TO DISCUSS TIRE SALES PURCELL WANTED TO TALK ABOUT WHY GOE HAD CHOSEN COMPETITIVE INVESTMENT PROPOSAL BY MICHELIN OVER GOODYEAR. BASED ON HIS CONVERSATIONS WITH OFFICIALS BOTH IN MININD AND MINECON, HE FELT THAT MICHELIN'S CLAIMED SELF-SUFFICIENCY IN FOREIGN EXCHANGE PUT THEM IN DRIVER'S SEAT. TIMING OF SIGNING OF LETTER OF INTENT WITH MICHELIN TO PERFORM FEASIBILITY STUDY IMMEDIATELY AFTER SADAT'S VISIT TO FRANCE GAVE RISE TO SUSPICION THAT THERE WERE ALSO POLITICAL CONSIDERATIONS AS WELL IN GOE DECISION. I TOLD HIM THAT, WHILE GOE MINISTERS WOULD STOUTLY DENY IT, I SUSPECT THE SAME THING. FRENCH AND OTHERS ALL SELLING ARMS TO EGYPT AND THIS IS A STRONG CASE IN PRESENT SITUATION.

2. GOODYEAR IS STILL INTERESTED IN POSSIBLE TIRE PLANT INVESTMENT IN EGYPT. THEY WILL ADOPT LOW PROFILE WHILE MICHELIN CONDUCTS ITS FEASIBILITY STUDY PARTIALLY IN HOPE THAT UPON CLOSE ANALYSIS MICHELIN PROJECT WILL FALL THROUGH. GOODYEAR BELIEVES THAT THERE WILL BE VIRTUALLY NO WORTHWHILE TRANSFER OF TECHNOLOGY TO EXISTING EGYPTIAN TIRE MANUFACTURING PLANT UNDER MICHELIN PROPOSAL AND THAT THIS MAY PROVIDE OPENING

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FOR GOODYEAR TO MANUFACTURE PASSENGER VEHICLE TIRES (MICHELIN

WILL MANUFACTURE ONLY TRUCK TIRES).

3. IN AN INTERESTING SIDELIGHT, PURCELL SAID THAT THE ARAB, AND IN PARTICULAR KUWAITI PARTNER -- THE ARAB INVESTMENT COMPANY -- WAS NO LONGER INTERESTED IN INVESTMENTS IN EGYPT. KUWAITIS CONSIDERED IT TO BE A PERSONAL AFFRONT THAT DECISIONS WERE NOT MADE ON INVESTMENT PROJECTS WITHIN A REASONABLE TIME, I.E. WITHIN THREE MONTHS.

4. PURCELL EXPRESSED APPRECIATION FOR ALL OF THE SUPPORT AND ASSISTANCE HE HAS RECEIVED FROM THE AMBASSADOR AND EMBASSY STAFF DURING THE LAST TWO YEARS AND PROMISED TO INFORM US OF ALL DEVELOPMENTS. EILTS

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